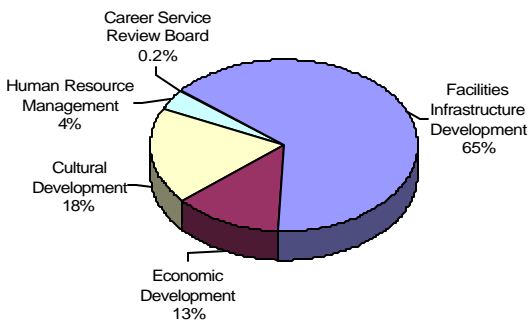




## ECONOMIC DEVELOPMENT AND HUMAN RESOURCES

Megan Hough, Analyst

### Where Will My Taxes Go for Economic Development & Human Resources? (Figure Based on Total FY 2006 Funding)



### Highlighted Services

(Including the Governor's Recommendations)

#### \$55 million for Facilities Infrastructure Development

- Rehabilitates homes for some of Utah's lowest income populations; approximately \$40,000 in materials are donated, as well as 25,000 volunteer labor hours (\$150,000 value).
- Creates and preserves approximately 1,040 multi-family units with the Olene Walker Housing Loan Fund

#### \$16 million for Cultural Development

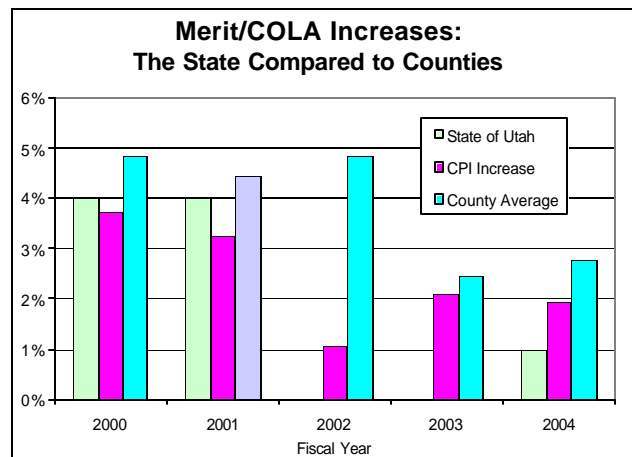
- Circulates 267,800 items to patrons of the Regional Library for the Blind and Disabled
- Leads a collaborative partnership bringing in 20 exhibits to 46 different institutions

#### \$11 million for Economic Development

- Facilitates technology transfer from Utah universities to create new businesses through the Centers of Excellence Program
- Creates and retains Utah jobs by assisting Utah companies in securing an estimated 1,000 governmental contracts bringing \$352 million to Utah companies

#### \$3 million for Human Resources

- Supports the newly completed Utah Job Match recruitment system to provide quick and easy access to job and recruitment information

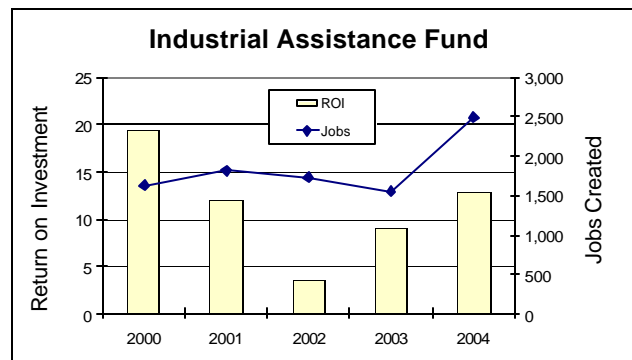


Note: The county average includes Davis County, Salt Lake County, Washington County, Utah County, and Weber County.

### Governor's Recommendation Highlights

(All Funding Sources)

- \$1,000,000 - Centers of Excellence
- \$100,000 - Smart Sites
- \$5,000,000 - Hill Air Force Base Defense Alliance
- \$4,442,800 - Industrial Assistance Fund earned credits
- 3.0 percent COLA for employees



The Industrial Assistance Fund has averaged an 11.4:1 return on investment and created an average of 1,840 jobs per year for the last five years.

## **BUDGET OVERVIEW**

### **Community and Economic Development**

The Department of Community and Economic Development (DCED) endeavors to create quality Utah jobs, foster a productive business climate within the state, and enhance the quality of life for everyone in the state.

For FY 2006 the governor recommends that DCED receive \$90,597,500 in total funds. This amount includes \$37,355,000 in General Fund, a 9.0 percent increase from the FY 2005 authorized General Fund amount. As shown by the pie chart on the previous page, the majority of DCED's budget pays for facilities infrastructure development, which promotes affordable housing, facilitates infrastructure development, and enhances quality of life.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$753,100 in General Fund (\$1,036,300 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment (COLA) and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 or FY 2004. As a result, some employees' salaries have lagged significantly behind the general job market. For example, the librarians in DCED have an average salary that is 47.1 percent below the market average. In addition, at the Arts Council, the arts program specialists' average salary is 35.6 percent below the market average. When salaries are significantly below market, the state has difficulty retaining its experienced employees.

### **Human Resource Management**

The Department of Human Resource Management (DHRM) manages state employee classification, compensation, recruitment, selection, and development.

For FY 2006 the governor recommends that DHRM receive \$3,483,000 in total funds. This amount includes \$3,091,000 in General Fund, a 4.4 percent increase from the FY 2005 General Fund amount.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$112,300 in General Fund to provide employees with a 3.0 percent COLA and market comparability adjustments. The state gave employees a 1.0 percent COLA for FY 2005. No increases were given in FY 2003 and FY 2004. Inflation during this time period was 5.1 percent. The average actual salaries paid to state employees have fallen to 19.9 percent below market, the furthest state employees have ever been behind market. A 2004 Central States Compensation Association report ranked Utah next to last among 25 central states for only giving a 1.1 percent salary increase over the last three years.

In the past, benefits provided to state employees were significantly richer than market and were one of the state's biggest competitive advantages in attracting and retaining a quality workforce. However, as benefit costs have increased, the state's benefit package has lost its market advantage, and is now only 1.2 percent above the market. With benefits in line with market averages, and wages 19.9 percent below market, state government no longer has a competitive advantage in the labor market for attracting and retaining a quality workforce.

### **Career Service Review Board**

The Career Service Review Board (CSRB) administers state employee grievances and appeal procedures. CSRB also mediates disputes between agencies and employees.

For FY 2006 the governor recommends that CSRB receive \$213,000 from the General Fund, a 17 percent increase.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$5,000 in General Fund to provide employees with a 3.0 percent COLA and market comparability adjustments.

## GOVERNOR'S RECOMMENDATIONS

### Community and Economic Development

#### *General Fund*

- Provide \$500,000 in ongoing funds and \$500,000 in one-time funds for the Centers of Excellence. In FY 2004 the program denied requests for approximately \$2,500,000 due to limited available dollars. These denials resulted in university technologies not receiving assistance in licensing and job creation.
- Provide \$100,000 in ongoing funds for developing additional Smart Sites, and collectively marketing these sites to obtain more contracts and create more jobs in rural Utah. The Smart Sites have created 1,000 jobs since their inception in FY 2001.
- Provide \$80,000 in ongoing funds to the State Library to implement a children's library program.
- Provide \$32,000 in ongoing funds to the State Library for a digital recording system.
- Provide \$15,000 in ongoing funds and \$15,000 in FY 2005 supplemental funds to the Office of Hispanic Affairs. The legislature added a position to the office, but it was not fully funded.
- Provide \$10,000 in ongoing funds to the Division of Indian Affairs for the identification and repatriation of remains.
- Provide \$10,000 in ongoing funds and \$10,000 in FY 2005 supplemental funds for the Martin Luther King, Jr. Human Rights Commission.

The office has been using one-time funds for operating expenses for several years.

- Provide \$80,000 in FY 2005 supplemental funds to the Utah Arts Council to design the Utah commemorative quarter.
- Provide \$5,000,000 in one-time funds for the Hill Air Force Base Defense Alliance.
- Provide \$45,000 in FY 2005 supplemental funds to State History for relocation expenses.
- Provide \$4,442,800 in FY 2005 supplemental funds to the Industrial Assistance Fund for earned credits.
- Provide \$100,000 in FY 2005 supplemental funds to the Utah Arts Council for the maintenance of the art collection.
- Provide \$200,000 in FY 2005 supplemental funds to the Tourism Marketing Performance Fund as required in statute when tourism taxes have met or exceeded the 4.0 percent growth rate.

#### *Other Funds*

- Provide increased dedicated credit authority in FY 2005 and FY 2006 for Housing and Community Development to collect \$850,000 from Questar and Utah Power for weatherization.
- Provide increased dedicated credit authority in FY 2005 and FY 2006 for Housing and Community Development's Office of Black Affairs to collect \$25,000 for its scholarship program.
- Provide increased dedicated credit authority in FY 2005 for Housing and Community Development's Office of Pacific Islander Affairs to collect \$84,100 for a program to increase awareness of cancer-related issues affecting the Tongan population in Utah.

- Provide one-time authority for the Utah Arts Council to accept \$75,000 in federal funds to evaluate the arts education partnerships.
- Provide authority in FY 2005 for Housing and Community Development's Office of Museum Services to accept \$42,900 in federal funds and collect \$33,700 in dedicated credits for marketing Utah's museums.

### **Human Resource Management**

#### *All Funds*

- Fund an 11.8 percent increase in health insurance premiums for the Public Employees Health Plans (PEHP).
- Fund a 6.0 percent increase in dental insurance premiums for PEHP.
- The long-term disability insurance rate is increasing from 0.6 percent to 0.75 percent, however, the governor was unable to consider this increase due to PEHP's late submission date. Because this benefit is defined in statute, the governor recommends the legislature's favorable consideration of this increase.
- There is no retirement contribution increase in FY 2006, except the judges' retirement, which increased 112 basis points.
- Fund DHRM's market comparability adjustment recommendations and provide a 3.0 percent cost-of-living adjustment for all state employees in FY 2006.

### **Career Service Review Board**

#### *General Fund*

- Provide a \$35,000 FY 2005 supplemental and an ongoing \$40,000 appropriation to pay for increased costs for grievance cases brought to the board.

## **FY 2006 PROPOSED LEGISLATIVE INTENT**

### **Community and Economic Development**

- Funds appropriated in each line item of DCED are nonlapsing.
- Any remaining net proceeds paid to the state from the liquidation of the Utah Technology Finance Corporation shall be deposited in the Industrial Assistance Fund.
- The department shall work with Hill Air Force Base Defense Alliance to use the additional one-time General Fund of \$5,000,000 to identify and pursue missions from other bases that can best be accomplished at Hill Air Force Base.

### **Career Service Review Board**

- Funds for CSRB are nonlapsing.

### **Human Resource Management**

- Funds for DHRM are nonlapsing.
- COLAs shall become effective beginning the first pay period of FY 2006.

## ECONOMIC DEVELOPMENT AND HUMAN RESOURCES

## Operating Budget

Governor Walker's Recommendations						
	Actual FY 2004	Authorized FY 2005	Supple- mentals	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.
						Total FY 2006
<b>Plan of Financing</b>						
General Fund	\$40,200,200	\$37,407,200	\$4,927,800	\$42,335,000	\$33,231,400	\$40,659,000
Transportation Fund	118,000	118,000	0	118,000	118,000	118,000
Federal Funds	3,542,600	48,720,200	67,900	48,788,100	49,117,400	49,342,100
Dedicated Credits	16,731,600	18,158,000	992,800	19,150,800	18,705,000	19,761,800
Restricted and Trust Funds	1,957,000	1,631,200	0	1,631,200	1,573,800	1,411,200
Other Funds	53,139,400	45,397,200	(4,642,800)	40,754,400	58,874,300	63,169,200
Beginning Balances	4,087,700	4,186,000	0	4,186,000	0	0
Closing Balances	(4,186,000)	0	0	0	0	0
Lapsing Funds	(25,100)	0	0	0	0	0
<b>Total Financing</b>	<b>\$147,443,400</b>	<b>\$155,617,800</b>	<b>\$1,345,700</b>	<b>\$156,963,500</b>	<b>\$161,419,900</b>	<b>\$174,461,300</b>
<b>Programs</b>						
<b>Community and Economic Development</b>						
Administration	\$2,373,800	\$4,445,700	\$0	\$4,445,700	\$2,395,200	\$2,504,500
Business Development	8,234,700	12,278,700	0	12,278,700	8,610,500	14,853,000
Housing and Community Development	44,828,600	51,990,900	1,060,700	53,051,600	51,107,000	52,204,000
Indian Affairs	260,600	238,000	0	238,000	209,000	227,900
Fine Arts	3,186,600	4,212,900	205,000	4,417,900	3,295,300	3,503,300
Historical Society	174,600	689,900	0	689,900	270,000	273,000
Incubator Funds	321,000	349,300	0	349,300	347,800	358,100
State History	2,316,100	2,435,700	45,000	2,480,700	2,784,700	2,908,700
State Library	7,349,200	7,826,000	0	7,826,000	7,740,500	8,414,600
Travel Development	4,195,600	4,052,700	0	4,052,700	3,883,200	3,951,700
Zoos	1,398,700	1,598,700	0	1,598,700	1,398,700	1,398,700
<b>Fund Transfers</b>						
Industrial Assistance Fund	5,153,800	0	4,442,800	4,442,800	0	0
Olene Walker Housing Loan Fund	2,084,500	1,961,400	0	1,961,400	2,236,400	2,236,400
Homeless Trust Fund	200,000	400,000	0	400,000	200,000	200,000
Tourism Marketing Performance Fund	250,000	0	200,000	200,000	0	0
Transfer Appropriations to Other Funds	(7,688,200)	(2,361,400)	(4,642,800)	(7,004,200)	(2,436,400)	(2,436,400)
<b>Subtotal Comm/Econ. Development</b>	<b>74,639,500</b>	<b>90,118,500</b>	<b>1,310,700</b>	<b>91,429,200</b>	<b>82,041,900</b>	<b>90,597,500</b>
<b>Human Resources</b>						
Human Resource Management	3,185,800	3,598,200	0	3,598,200	3,335,000	3,483,000
Career Service Review Board	187,500	182,100	35,000	217,100	165,800	213,000
<b>Subtotal Human Resources</b>	<b>3,373,300</b>	<b>3,780,300</b>	<b>35,000</b>	<b>3,815,300</b>	<b>3,500,800</b>	<b>3,696,000</b>
<b>Outside Reporting Agencies</b>						
Retirement Office	69,430,600	61,719,000	0	61,719,000	75,877,200	80,167,800
<b>Subtotal Outside Reporting Agencies</b>	<b>69,430,600</b>	<b>61,719,000</b>	<b>0</b>	<b>61,719,000</b>	<b>75,877,200</b>	<b>80,167,800</b>
<b>Total Budget</b>	<b>\$147,443,400</b>	<b>\$155,617,800</b>	<b>\$1,345,700</b>	<b>\$156,963,500</b>	<b>\$161,419,900</b>	<b>\$174,461,300</b>
<b>% Change from Authorized FY 2005 to Total FY 2006</b>						<b>12.1%</b>
<b>FTE Positions</b>		312.0	1.0	313.0	310.5	312.5

# **ECONOMIC DEVELOPMENT AND HUMAN RESOURCES**

## Capital Budget

Governor Walker's Recommendations					
	Actual FY 2004	Authorized FY 2005	Recommended FY 2005	Base FY 2006	Total FY 2006
<b>Plan of Financing</b>					
Mineral Lease	\$3,173,700	\$3,328,700	\$3,328,700	\$3,426,600	\$3,426,600
<b>Total Financing</b>	<b>\$3,173,700</b>	<b>\$3,328,700</b>	<b>\$3,328,700</b>	<b>\$3,426,600</b>	<b>\$3,426,600</b>
<b>Projects</b>					
Special Service Districts	\$3,173,700	\$3,328,700	\$3,328,700	\$3,426,600	\$3,426,600
<b>Total Budget</b>	<b>\$3,173,700</b>	<b>\$3,328,700</b>	<b>\$3,328,700</b>	<b>\$3,426,600</b>	<b>\$3,426,600</b>
<b>% Change from Authorized FY 2005 to Total FY 2006</b>					<b>2.9%</b>



## ECONOMIC DEVELOPMENT AND HUMAN RESOURCES - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
E23 Housing & Community Development - Hispanic Affairs staff	15,000	0	0	0	0	0	15,000
E24 Housing & Comm. Dev. - Martin Luther King, Jr. Commission	10,000	0	0	0	0	0	10,000
E25 Housing & Community Development - Black Affairs scholarship	0	0	25,000	0	0	0	25,000
E26 Housing & Comm. Dev. - Pacific Islander's cancer control grant	0	0	84,100	0	0	0	84,100
E27 Fine Arts - folk art grant	0	25,000	0	0	0	0	25,000
E28 Housing & Community Development - Weatherization assistance	0	0	850,000	0	0	0	850,000
E29 Housing & Community Development - marketing Utah's museums	0	42,900	33,700	0	0	0	76,600
E30 Fine Arts - art collection maintenance	100,000	0	0	0	0	0	100,000
E31 Tourism Marketing Performance Fund	200,000	0	0	0	0	(200,000)	0
<i>Subtotal Supplemental Adjustments - DCED</i>	<i>4,892,800</i>	<i>67,900</i>	<i>992,800</i>	<i>0</i>	<i>0</i>	<i>(9,642,800)</i>	<i>1,530,700</i>
<b>Total FY 2005 DCED Budget Adjustments</b>	<b>\$4,892,800</b>	<b>\$67,900</b>	<b>\$992,800</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,642,800)</b>	<b>\$1,310,700</b>
<b>COMMUNITY AND ECONOMIC DEVELOPMENT FY 2006 CAPITAL BUDGET</b>							
<b>Base Budget</b>							
E32 FY 2005 appropriated budget	\$0	\$0	\$0	\$1,698,200	\$0	\$0	\$1,698,200
E33 Adjustments to funding levels	0	0	0	1,728,400	0	0	1,728,400
<b>Total FY 2006 DCED Capital Base Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,426,600</b>	<b>0</b>	<b>0</b>	<b>3,426,600</b>
<b>Total FY 2006 DCED Capital Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,426,600</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,426,600</b>
<b>HUMAN RESOURCE MANAGEMENT FY 2006 OPERATING BUDGET</b>							
<b>Beginning Base Budget</b>							
E34 FY 2005 appropriated budget	\$2,961,700	\$0	\$362,000	\$0	\$0	\$0	\$3,323,700
E35 Adjustments for one-time FY 2005 appropriations	(18,700)	0	30,000	0	0	0	11,300
<b>Total Beginning Base Budget - DHRM</b>	<b>2,943,000</b>	<b>0</b>	<b>392,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,335,000</b>
<b>Statewide Ongoing Adjustments</b>							
E36 Insurance rate adjustments	35,700	0	0	0	0	0	35,700
E37 Market comparability adjustments	44,200	0	0	0	0	0	44,200
E38 Cost-of-living adjustments of 3%	68,100	0	0	0	0	0	68,100
<i>Subtotal Statewide Ongoing Adjustments - DHRM</i>	<i>148,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>148,000</i>
<b>Total FY 2006 DHRM Adjustments</b>	<b>148,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>148,000</b>
<b>Total FY 2006 DHRM Operating Budget</b>	<b>\$3,091,000</b>	<b>\$0</b>	<b>\$392,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,483,000</b>



## ECONOMIC DEVELOPMENT AND HUMAN RESOURCES - CONTINUED

<b>CAREER SERVICE REVIEW BOARD FY 2006 OPERATING BUDGET</b>									
<b>Beginning Base Budget</b>									
	General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds		
B39 FY 2005 appropriated budget	\$166,800	\$0	\$0	\$0	\$0	\$0	\$166,800		
B40 Adjustments for one-time FY 2005 appropriations	(1,000)	0	0	0	0	0	(1,000)		
<b>Total Beginning Base Budget - CSRB</b>	<b>165,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>165,800</b>		
<b>Statewide Ongoing Adjustments</b>									
B41 Insurance rate adjustments	2,200	0	0	0	0	0	2,200		
B42 Market comparability adjustments	1,100	0	0	0	0	0	1,100		
B43 Cost-of-living adjustments of 3%	3,900	0	0	0	0	0	3,900		
<i>Subtotal Statewide Ongoing Adjustments - CSRB</i>	<i>7,200</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>7,200</i>		
<b>Ongoing Adjustments</b>									
B44 Increased grievance hearing expenses	40,000	0	0	0	0	0	40,000		
<i>Subtotal Ongoing Adjustments - CSRB</i>	<i>40,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>40,000</i>		
<b>Total FY 2006 CSRB Adjustments</b>	<b>47,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,200</b>		
<b>Total FY 2006 CSRB Operating Budget</b>	<b>\$213,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$213,000</b>		
<b>CAREER SERVICE REVIEW BOARD FY 2005 OPERATING BUDGET ADJUSTMENTS</b>									
<b>Supplemental Adjustments</b>									
B45 Increased grievance hearing expenses	\$35,000	\$0	\$0	\$0	\$0	\$0	\$35,000		
<i>Subtotal Supplemental Adjustments - CSRB</i>	<i>35,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>35,000</i>		
<b>Total FY 2005 CSRB Budget Adjustments</b>	<b>\$35,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,000</b>		
<b>UTAH RETIREMENT OFFICE FY 2006 OPERATING BUDGET</b>									
<b>Beginning Base Budget</b>									
B46 FY 2006 base budget	\$0	\$0	\$14,566,500	\$0	\$0	\$61,310,700	\$75,877,200		
<b>Total Beginning Base Budget - Utah Retirement Office</b>	<b>0</b>	<b>0</b>	<b>14,566,500</b>	<b>0</b>	<b>0</b>	<b>61,310,700</b>	<b>75,877,200</b>		

## ECONOMIC DEVELOPMENT AND HUMAN RESOURCES - CONTINUED

		General Fund	Federal Funds	Dedicated Credits	Mineral Lease	Restricted Funds	Other Funds	Total Funds
<b>Ongoing Adjustments</b>								
247	Investment advisor fees and security handling fees	0	0	0	0	0	4,287,000	4,287,000
248	Other fees	0	0	(4,300)	0	0	7,900	3,600
<i>Subtotal Ongoing Adjustments - Utah Retirement Office</i>		0	0	(4,300)	0	0	4,294,900	4,290,600
<b>Total FY 2006 Utah Retirement Office Adjustments</b>		0	0	(4,300)	0	0	4,294,900	4,290,600
<b>Total FY 2006 Utah Retirement Office Operating Budget</b>		\$0	\$0	\$14,562,200	\$0	\$0	\$65,605,600	\$80,167,800
<b>ECONOMIC DEVELOPMENT AND HUMAN RESOURCES TOTALS</b>								
<b>FY 2006 Operating Base Budget</b>		\$32,231,400	\$49,117,400	\$18,705,000	\$0	\$1,373,800	\$58,992,300	\$161,419,900
<b>FY 2006 Operating Ongoing and One-time Adjustments</b>		7,427,600	234,700	1,056,800	0	37,400	4,294,900	13,041,400
<b>FY 2006 Operating Recommendation</b>		40,659,000	49,342,100	19,761,800	0	1,411,200	63,287,200	174,461,300
<b>FY 2005 Operating Adjustments</b>		4,927,800	67,900	992,800	0	0	(4,642,800)	1,345,700
<b>FY 2006 Capital Base Budget</b>		0	0	0	0	3,426,600	0	3,426,600
<b>FY 2006 Capital Recommendation</b>		0	0	0	0	3,426,600	0	3,426,600

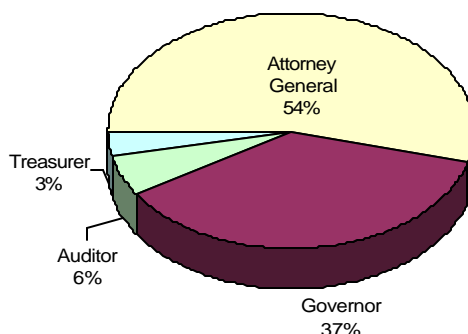


## ELECTED OFFICIALS

Hunter Finch, Analyst

### Where Will My Taxes Go for Elected Officials?

(Figure Based on Total FY 2006 Funding)



### Highlighted Services

(Including the Governor's Recommendations)

#### *\$37 million for Attorney General's Office*

- Brings in about \$80 million in state revenue
- Currently leads the country in per capita arrests and convictions for internet crimes against children

#### *\$15 million for Criminal and Juvenile Justice*

- Passes \$12.5 million in federal grants to state, local, and private non-profit agencies
- Administers the Crime Victim Compensation Fund to 6,800 victims annually

#### *\$10 million for the Governor's Office*

- Supports the statewide Utah Wireless Information Network
- Supports comprehensive state tax reform

#### *\$4 million for the State Auditor's Office*

- Audits for financial compliance, comprising approximately \$17 billion in expenditures or expenses
- Issues on average 80 audit reports and 40 investigation or special project reports annually

#### *\$2 million for the State Treasurer's Office*

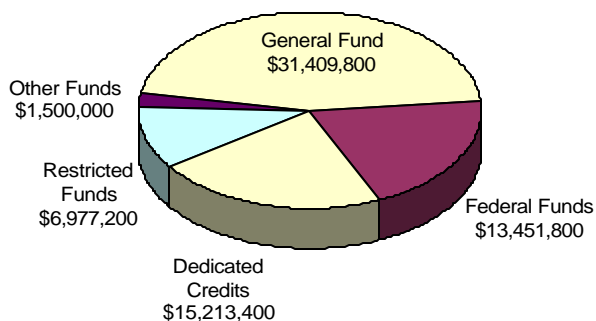
- Manages the \$5.5 billion investment fund
- Returns about \$11 million in unclaimed property to owners

### Governor's Recommendation Highlights

(All Funding Sources)

- \$1,460,000 - Budget system database purchase and maintenance
- \$750,000 - Commission on Criminal Juvenile Justice partial restoration of General Fund from temporary funding source.
- \$500,000 - Crime Reduction Assistance (forfeiture) Program (also \$300,000 FY 2005 supplemental)
- \$289,000 - Four Attorney General positions
- \$268,700 - Attorney General settlement fees
- \$187,200 - Three auditor positions

### Elected Officials Receive Funding from a Variety of Sources



## BUDGET OVERVIEW

Four of Utah's statewide elected officials head the Attorney General's Office, the State Auditor's Office, the Governor's Office, and the State Treasurer's Office.

For FY 2006 the governor recommends elected officials receive \$68,552,200 in total funds. This amount includes \$31,409,800 in General Fund, a 7.4 percent increase from the FY 2005 authorized General Fund amount. As shown by the pie chart on the previous page, the majority of elected official's budget goes to the Attorney General's Office.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$1,075,000 in General Fund (\$1,639,900 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given an increase for FY 2005, no increases were given in FY 2003 or FY 2004.

## GOVERNOR'S RECOMMENDATIONS

### Attorney General

#### *General Fund*

- Provide an ongoing appropriation of \$220,000 for three attorneys to address Utah College of Applied Technology, Corrections, and Human Resources/Career Service Review Board case-load increases.
- Provide an ongoing appropriation of \$69,000 for the position of ID theft investigator.
- Provide an ongoing appropriation of \$24,600 to Children's Justice Centers providers for cost-of-living adjustments of 2.0 percent.
- Provide an ongoing appropriation of \$13,200 for an 11.9 percent salary and benefits increase recommended by the Executive and Judicial Compensation Commission (Compensation Commission).

- Provide an FY 2005 supplemental appropriation of \$268,700 to pay attorneys' fees for the *David C.* (foster care) and Worker's Compensation Fund cases.

### State Auditor

#### *General Fund*

- Provide an ongoing appropriation of \$187,200 to fund restoration of two auditor positions and creation of one performance auditor position.
- Provide an ongoing appropriation of \$4,500 for a 4.3 percent salary and benefits increase recommended by the Compensation Commission.

### Governor's Office

#### *General Fund*

- Provide an ongoing appropriation of \$50,000 for the Commission on Criminal and Juvenile Justice (CCJJ) to evaluate and coordinate the *Drug Offender Reform Act* (DORA).
- Partially restore \$750,000 in ongoing General Fund to CCJJ and reduce its allocation from the Crime Victim Reparation Trust Fund by the same amount. During the economic downturn, the state had temporarily replaced \$1,514,400 of CCJJ's General Fund with trust fund monies. Because current appropriations are depleting the trust fund, the governor recommends this switch back to General Fund.
- Provide an ongoing appropriation of \$18,600 to reallocate FY 2005 compensation package funding.
- Provide an ongoing appropriation of \$92,000 to fund the domestic violence state coordinator. This position was previously funded for two years by a transfer from the Crime Victims Reparations Office.
- Provide an ongoing appropriation of \$60,000 to fund budget system maintenance.

- Provide an FY 2005 supplemental appropriation of \$1,400,000 to fund the purchase of a new budget system.
- Provide an FY 2005 supplemental appropriation of \$100,000 to fund inauguration expenses for the new governor.
- Provide an ongoing appropriation of \$6,000 to the governor for a 4.5 percent salary and benefits increase and \$3,600 to the lieutenant governor for a 3.5 percent salary and benefits increase recommended by the Compensation Commission.

#### *Other Funds*

- Provide an ongoing appropriation of \$500,000 in restricted funds and an FY 2005 supplemental appropriation of \$300,000 in restricted funds to the Crime Reduction Assistance (forfeiture) program.

#### **State Treasurer**

##### *General Fund*

- Provide an ongoing appropriation of \$7,800 for a 7.6 percent salary and benefits increase recommended by the Compensation Commission.

#### **FY 2006 PROPOSED LEGISLATIVE INTENT**

##### **Attorney General**

- Funds for the Attorney General's Office are nonlapsing.
- Funds for contract attorneys are nonlapsing.
- Funds for the Children's Justice Centers and the Prosecution Council are nonlapsing.
- Funds for the prevention of domestic violence are nonlapsing.

- Funding sources and personnel cost billings to state agencies utilized by the Attorney General's Office shall be reviewed and approved by the legislature.

##### **State Auditor**

- Funds for the State Auditor are nonlapsing.

##### **Governor's Office**

- Funds for the Governor's Office are nonlapsing.
- Funds for the State Elections Office are nonlapsing.
- Funds for the Governor's Emergency Fund are nonlapsing.
- Funds for RS 2477 Rights of Way are nonlapsing.
- Funds expended from the RS 2477 Fund shall be used for litigation or negotiations designed to quiet title to existing rights of way established before 1976 under RS 2477 guidelines. The governor or a designee shall present a report to the legislature during each general session detailing activities funded within this line item.

- Funds for the Governor's Office of Planning and Budget are nonlapsing.

- Funds for CCJJ are nonlapsing.

- Funds for the Chief Information Officer are nonlapsing.

##### **State Treasurer**

- Funds for the State Treasurer are nonlapsing.

**ELECTED OFFICIALS**

## Operating Budget

Governor Walker's Recommendations						
	Actual FY 2004	Authorized FY 2005 <sup>(a)</sup>	Elected Officials' Request FY 2006 <sup>(b)</sup>	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
<b>Plan of Financing</b>						
General Fund	\$29,766,000	\$29,246,500	\$31,496,900	\$28,608,700	\$2,801,100	\$31,409,800
Federal Funds	18,921,200	15,389,900	13,417,200	13,409,200	42,600	13,451,800
Dedicated Credits	15,365,100	14,757,700	15,605,000	14,693,000	520,400	15,213,400
Restricted and Trust Funds	6,902,700	7,083,500	6,893,200	7,058,900	(81,700)	6,977,200
Transfers	(8,021,800)	372,000	53,000	280,000	0	280,000
Other Funds	0	0	66,000	0	0	0
Beginning Balances	6,879,200	8,340,500	1,322,000	1,322,000	0	1,322,000
Closing Balances	(8,340,500)	(1,322,000)	(102,000)	(102,000)	0	(102,000)
Lapsing Funds	(380,300)	0	0	0	0	0
<b>Total Financing</b>	<b>\$61,091,600</b>	<b>\$73,868,100</b>	<b>\$68,751,300</b>	<b>\$65,269,800</b>	<b>\$3,282,400</b>	<b>\$68,552,200</b>
<b>Programs</b>						
<b>Elected Officials</b>						
Attorney General	\$36,181,300	\$36,237,400	\$37,786,900	\$35,393,600	\$1,693,700	\$37,087,300
Auditor	3,360,600	3,915,700	3,935,400	3,567,800	340,800	3,908,600
Governor	19,570,700	31,061,500	24,784,500	24,063,900	1,135,100	25,199,000
Treasurer	1,979,000	2,653,500	2,244,300	2,244,500	112,800	2,357,300
<b>Total Budget</b>	<b>\$61,091,600</b>	<b>\$73,868,100</b>	<b>\$68,751,300</b>	<b>\$65,269,800</b>	<b>\$3,282,400</b>	<b>\$68,552,200</b>
<b>% Change from Authorized FY 2005 to Total FY 2006</b>						<b>(7.2%)</b>
FTE Positions	-	552.7	564.7	552.7	7.0	559.7

(a) In addition to the amounts listed in the Authorized FY 2005 column, Governor Walker recommends \$268,700 from the General Fund to the Attorney General's Office to meet attorneys' fees for the costs associated with the David C. litigation and the Workers Compensation Fund outside legal counsel, \$1,500,000 in General Fund to the Governor's Office to fund a new budget system and inauguration expenses, and \$300,000 from Restricted Funds to the Governor's Office to fund the Crime Reduction Assistance Program

(b) The Elected Officials' request is included without changes. They do not include compensation increases as except for \$1,000,000 requested by the Attorney General for attorney compensation increases.

(a) In addition to the amounts listed in the Authorized FY 2005 column, Governor Walker recommends \$268,700 from the General Fund to the Attorney General's Office to meet attorneys' fees for the costs associated with the David C. Litigation and the Workers Compensation Fund outside legal counsel, \$1,500,000 in General Fund to the Governor's Office to fund a new budget system and inauguration expenses, and \$300,000 from Restricted Funds to the Governor's Office to fund the Crime Reduction Assistance Program.

(b) The Elected Officials' request is included without changes. They do not include compensation increases except for \$1,000,000 requested by the Attorney General for attorney compensation increases.

## ELECTED OFFICIALS

ATTORNEY GENERAL FY 2006 OPERATING BUDGET						
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
<b>Beginning Base Budget</b>						
F1 FY 2005 appropriated budget	\$18,332,500	\$1,228,300	\$13,119,500	\$1,526,200	\$832,000	\$35,238,500
F2 Adjustments for one-time FY 2005 appropriations	(149,500)	0	(70,400)	(6,500)	0	(226,200)
F3 Adjustments to funding levels	0	67,100	319,200	0	(5,000)	381,200
<b>Total Beginning Base Budget - Attorney General</b>	<b>18,383,200</b>	<b>1,295,400</b>	<b>13,368,300</b>	<b>1,519,700</b>	<b>827,000</b>	<b>35,393,600</b>
<b>Statewide Ongoing Adjustments</b>						
F4 Cost-of-living adjustments of 3%	476,700	0	282,000	25,800	0	784,500
F5 Internal service fund adjustments	2,400	100	3,500	1,900	0	7,900
F6 Market comparability adjustments	195,400	0	114,800	9,600	0	319,800
F7 Insurance rate adjustments	126,700	4,700	114,100	9,200	0	254,700
<i>Subtotal Statewide Ongoing Adjustments - Attorney General</i>	<i>801,200</i>	<i>4,800</i>	<i>514,400</i>	<i>46,500</i>	<i>0</i>	<i>1,366,900</i>
<b>Ongoing Adjustments</b>						
F8 UCAT attorney	90,000	0	0	0	0	90,000
F9 Corrections attorney	55,000	0	0	0	0	55,000
F10 HR/CSFB casework increase	75,000	0	0	0	0	75,000
F11 ID theft investigators	69,000	0	0	0	0	69,000
F12 Cost-of-living adjustments of 2% for Criminal Justice Center providers	24,600	0	0	0	0	24,600
F13 Comp. Commission recommended 11.9% increase for Attorney General	13,200	0	0	0	0	13,200
<i>Subtotal Ongoing Adjustments - Attorney General</i>	<i>326,800</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>326,800</i>
<b>Total FY 2006 Attorney General Adjustments</b>	<b>1,128,000</b>	<b>4,800</b>	<b>514,400</b>	<b>46,500</b>	<b>0</b>	<b>1,693,700</b>
<b>Total FY 2006 Attorney General Operating Budget</b>	<b>\$19,511,200</b>	<b>\$1,300,200</b>	<b>\$13,882,700</b>	<b>\$1,566,200</b>	<b>\$827,000</b>	<b>\$37,087,300</b>
ATTORNEY GENERAL FY 2005 OPERATING BUDGET ADJUSTMENTS						
<b>Supplemental Adjustments</b>						
F14 Workers Compensation Fund outside counsel costs	\$169,500	\$0	\$0	\$0	\$0	\$169,500
F15 David C. litigation costs	99,200	0	0	0	0	99,200
<i>Subtotal Supplemental Adjustments - Attorney General</i>	<i>268,700</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>268,700</i>
<b>Total FY 2005 Attorney General Budget Adjustments</b>	<b>\$268,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$268,700</b>
<b>AUDITOR FY 2006 OPERATING BUDGET</b>						
<b>Beginning Base Budget</b>						
F16 FY 2005 appropriated budget	\$3,819,100	\$0	\$772,000	\$0	\$0	\$3,591,100
F17 Adjustments for one-time FY 2005 appropriations	(23,300)	0	0	0	0	(23,300)
<b>Total Beginning Base Budget - Auditor</b>	<b>2,795,800</b>	<b>0</b>	<b>772,000</b>	<b>0</b>	<b>0</b>	<b>3,567,800</b>

## ELECTED OFFICIALS - CONTINUED

	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
<b>Statewide Ongoing Adjustments</b>						
F18 Cost-of-living adjustments of 3%	94,800	0	0	0	0	94,800
F19 Internal service fund adjustments	(3,200)	0	(1,200)	0	0	(4,400)
F20 Market comparability adjustments	58,200	0	0	0	0	58,200
F21 Insurance rate adjustments	500	0	0	0	0	500
Subtotal Statewide Ongoing Adjustments - Auditor	150,300	0	(1,200)	0	0	149,100
<b>Ongoing Adjustments</b>						
F22 Restoration of two Auditor positions	124,800	0	0	0	0	124,800
F23 Performance Audit position	62,400	0	0	0	0	62,400
F24 Comp. Commission recommended 4.3% increase for State Auditor	4,500	0	0	0	0	4,500
Subtotal Ongoing Adjustments - Auditor	191,700	0	0	0	0	191,700
<b>Total FY 2006 Auditor Adjustments</b>	<b>342,000</b>	<b>0</b>	<b>(1,200)</b>	<b>0</b>	<b>0</b>	<b>340,800</b>
<b>Total FY 2006 Auditor Operating Budget</b>	<b>\$3,137,800</b>	<b>\$0</b>	<b>\$770,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,908,600</b>
<b>GOVERNOR OR FY 2006 OPERATING BUDGET</b>						
<b>Beginning Base Budget</b>						
F25 FY 2005 appropriated budget	\$7,039,900	\$14,187,300	\$392,900	\$4,345,500	\$321,000	\$26,286,600
F26 Adjustments for one-time FY 2005 appropriations	(438,800)	(6,800)	(1,300)	(10,000)	0	(456,900)
F27 Transfer Commission on Women & Families to DWS	(21,000)	0	0	0	0	(21,000)
F28 Adjustments to funding levels	0	(2,066,700)	(30,100)	0	352,000	(1,744,800)
<b>Total Beginning Base Budget - Governor</b>	<b>6,580,100</b>	<b>12,113,800</b>	<b>361,500</b>	<b>4,335,500</b>	<b>673,000</b>	<b>24,063,900</b>
<b>Statewide Ongoing Adjustments</b>						
F29 Cost-of-living adjustments of 3%	144,600	23,400	2,400	50,100	0	220,500
F30 Internal service fund adjustments	18,600	1,700	0	100	0	20,400
F31 Market comparability adjustments	41,700	6,800	700	14,500	0	63,700
F32 Insurance benefit adjustments	68,400	4,100	2,800	25,000	0	100,300
Subtotal Statewide Ongoing Adjustments - Governor	273,300	35,000	5,900	89,700	0	404,900
<b>Ongoing Adjustments</b>						
F33 CCJ portion of Drug Offender Reform Act	50,000	0	0	0	0	50,000
F34 CCJ funding switch from trust fund back to General Fund	750,000	0	0	(750,000)	0	0
F35 CCJ misallocation of FY2005 compensation package	18,600	0	0	0	0	18,600
F36 Domestic Violence State Coordinator	92,000	0	0	0	0	92,000
F37 Crime Reduction Assistance Program (offshore)	0	0	0	500,000	0	500,000
F38 Budget system maintenance	60,000	0	0	0	0	60,000



## ELECTED OFFICIALS - CONTINUED

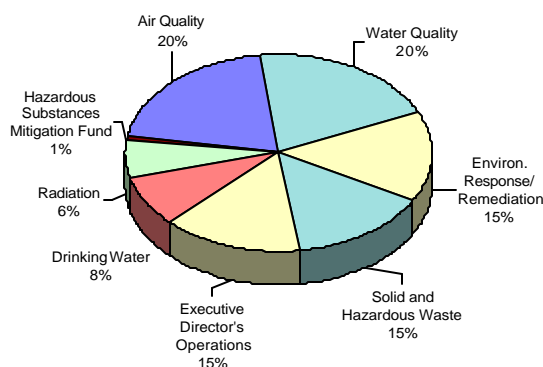
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
F43 Comp. Commission recommended 4.5% increase for Governor	6,000	0	0	0	0	6,000
F43 Comp. Commission recommended 3.5% increase for Lt. Governor	3,600	0	0	0	0	3,600
Subtotal Ongoing Adjustments - Governor	980,200	0	0	(250,000)	0	730,200
<b>Total FY 2006 Governor Adjustments</b>	<b>1,253,500</b>	<b>36,000</b>	<b>5,900</b>	<b>(160,300)</b>	<b>0</b>	<b>1,135,100</b>
<b>Total FY 2006 Governor Operating Budget</b>	<b>\$7,833,600</b>	<b>\$12,149,800</b>	<b>\$387,400</b>	<b>\$4,175,200</b>	<b>\$673,000</b>	<b>\$25,199,000</b>
<b>GOVERNOR FY 2005 OPERATING BUDGET ADJUSTMENTS</b>						
<b>Supplemental Adjustments</b>						
F42 Crime Reduction Assistance Program (one-time)	\$0	\$0	\$0	\$300,000	\$0	\$300,000
F42 Budget system purchase	1,400,000	0	0	0	0	1,400,000
F43 Inauguration expenses for new governor	100,000	0	0	0	0	100,000
Subtotal Supplemental Adjustments - Governor	1,500,000	0	0	300,000	0	1,800,000
<b>Total FY 2005 Governor Budget Adjustments</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$1,800,000</b>
<b>TREASURER FY 2006 OPERATING BUDGET</b>						
<b>Beginning Base Budget</b>						
F44 FY 2005 appropriated budget	\$855,000	\$0	\$191,700	\$1,211,800	\$0	\$2,258,500
F45 Adjustments for one-time FY 2005 appropriations	(5,400)	0	(500)	(8,100)	0	(14,000)
<b>Total Beginning Base Budget - Treasurer</b>	<b>\$849,600</b>	<b>0</b>	<b>191,200</b>	<b>1,203,700</b>	<b>0</b>	<b>2,244,500</b>
<b>Statewide Ongoing Adjustments</b>						
F46 Cost-of-living adjustments of 3%	42,300	1,800	0	21,300	0	65,400
F47 Internal service fund adjustments	(5,600)	0	(800)	0	0	(6,400)
F48 Market comparability adjustments	21,300	0	900	10,800	0	33,000
F49 Insurance rate adjustments	11,800	0	1,200	0	0	13,000
Subtotal Statewide Ongoing Adjustments - Treasurer	69,800	1,800	1,300	32,100	0	105,000
<b>Ongoing Adjustments</b>						
F50 Comp. Commission recommended 7.6% increase for State Treasurer	7,800	0	0	0	0	7,800
Subtotal Ongoing Adjustments - Treasurer	7,800	0	0	0	0	7,800
<b>Total FY 2006 Treasurer Adjustments</b>	<b>77,600</b>	<b>1,800</b>	<b>1,300</b>	<b>32,100</b>	<b>0</b>	<b>112,800</b>
<b>Total FY 2006 Treasurer Operating Budget</b>	<b>\$927,200</b>	<b>\$1,800</b>	<b>\$192,500</b>	<b>\$1,235,800</b>	<b>\$0</b>	<b>\$2,357,300</b>
<b>ELECTED OFFICIALS TOTALS</b>						
<b>FY 2006 Operating Base Budget</b>	<b>\$28,608,700</b>	<b>\$13,409,200</b>	<b>\$14,695,000</b>	<b>\$7,038,900</b>	<b>\$1,500,000</b>	<b>\$65,269,800</b>
<b>FY 2006 Operating Ongoing and One-time Adjustments</b>	<b>2,801,100</b>	<b>42,600</b>	<b>520,400</b>	<b>(81,700)</b>	<b>0</b>	<b>3,282,400</b>
<b>FY 2006 Operating Recommendation</b>	<b>31,409,800</b>	<b>13,451,800</b>	<b>15,215,400</b>	<b>6,957,200</b>	<b>1,500,000</b>	<b>68,552,200</b>
<b>FY 2005 Operating Adjustments</b>	<b>1,768,700</b>	<b>0</b>	<b>0</b>	<b>300,000</b>	<b>0</b>	<b>2,068,700</b>



## ENVIRONMENTAL QUALITY

Joseph Brown, Analyst

### Where Will My Taxes and Fees Go for Environmental Quality? (Figure Based on Total FY 2006 Funding)



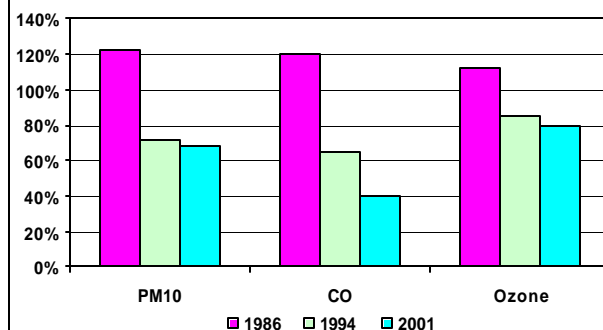
### Highlighted Services

(Including the Governor's Recommendations)

*\$48 million for Environmental Quality*

- Protects public health and the environment from the harmful effects of air pollution
- Oversees the state's public drinking water systems and protects the public against water-borne health risks, altogether a total of 1,850 water sources
- Monitors approximately 220 licensees and 2,500 facilities, from dentist offices to hospitals, that have registered X-ray units
- Ensures proper management of solid and hazardous waste
- Aids in protecting surface and ground water quality of more than 16,000 miles of rivers and streams, 3,000 lakes and reservoirs, and approximately 510,000 acres of wetlands
- Implements waste cleanup plans and coordinates the agency's response to spills and accidents that threaten the environment

### Air Quality for Highest Pollution Days in the Greater Wasatch Area



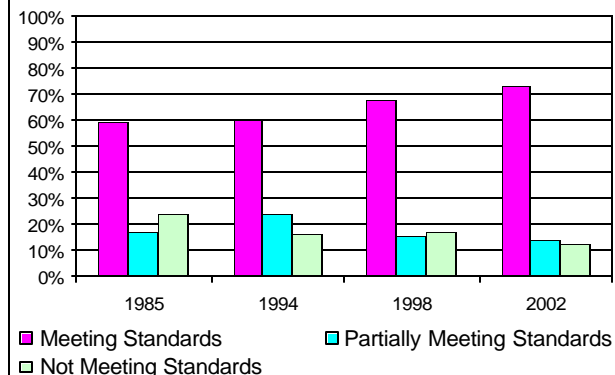
*The worst air quality exceeds 100 percent of standard.*

### Governor's Recommendation Highlights

(All Funding Sources)

- \$2,070,000 - High-level nuclear waste opposition
- \$200,000 - Watershed programs
- \$82,500 - Waste management auditor

### Percent Stream Miles Meeting Standards



## BUDGET OVERVIEW

The Utah Department of Environmental Quality (DEQ) safeguards human health and quality of life by protecting and enhancing the environment.

For FY 2006 the governor recommends that DEQ receive \$47,919,700 in total funds. This amount includes \$12,759,200 in General Fund, a 33.3 percent increase from the FY 2005 authorized General Fund amount. The majority of this General Fund increase is due to a one-time recommendation of \$2,070,000 to keep high-level nuclear waste from coming into the state.

In addition to fully funding health and dental rate increases, the FY 2006 recommended appropriation includes \$859,700 in General Fund (\$2,470,400 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 and FY 2004. As a result, some employees' salaries have lagged significantly behind the general job market. DEQ has always had a difficult time hiring for certain positions due to the specialty of the job and the limited number of individuals qualified for these positions. As a result, DEQ often hires entry level personnel and invests significant resources to train those individuals. Once trained, it is difficult to retain employees when the private sector is willing to pay significantly more for their services.

## GOVERNOR'S RECOMMENDATIONS

### *General Fund*

- Increase funding for high-level nuclear waste opposition by \$2,070,000 with one-time funds. These funds are necessary to continue establishing the state's position against high-level nuclear waste coming to Utah.

- Recommend \$200,000 in one-time funding to promote the governor's watershed initiative. This funding will be used to protect and enhance Utah's waters by promoting water education activities, encouraging partnerships involving private groups and public agencies, advocating pollution prevention through personal stewardship projects, and acknowledging the water quality education and improvement efforts of individuals and groups.

### *Other Funds*

- Provide \$82,500 from the Environmental Quality Restricted Account for an auditor who will provide financial oversight of the various hazardous waste programs monitored by the department.
- Recommend one-time funding of \$93,700 and ongoing funding of \$54,300 from the Environmental Quality Restricted Account to improve records and file management of monitored and inspected waste disposal systems.

## FY 2006 PROPOSED LEGISLATIVE INTENT

- Any unexpended groundwater permit administration fees are nonlapsing and authorized for program use in the following fiscal year to reduce the fees charged.
- Any unexpended funds in the air operating permit program are nonlapsing and authorized for program use to reduce the fee in the second fiscal year following the year the unexpended funds occurred.
- Funding of \$2,070,000 for high-level nuclear waste is nonlapsing.

# ENVIRONMENTAL QUALITY

## Operating Budget

Governor Walker's Recommendations						
	Actual FY 2004	Authorized FY 2005	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj.	Total FY 2006
<b>Plan of Financing</b>						
General Fund	\$9,738,800	\$9,571,500	\$9,571,500	\$9,487,900	\$3,271,300	\$12,759,200
Federal Funds	13,502,300	17,432,800	17,432,800	15,776,100	859,200	16,635,300
Dedicated Credits	7,032,400	7,284,700	7,284,700	7,096,500	417,700	7,514,200
Restricted and Trust Funds	8,682,000	8,857,000	8,857,000	8,727,400	1,363,300	10,090,700
Transfers	178,200	227,700	227,700	169,300	2,900	172,200
Beginning Balances	1,731,000	1,477,800	1,477,800	759,900	0	759,900
Closing Balances	(1,477,800)	(759,900)	(759,900)	(11,800)	0	(11,800)
Lapsing Funds	(1,697,100)	0	0	0	0	0
<b>Total Financing</b>	<b>\$37,689,800</b>	<b>\$44,091,600</b>	<b>\$44,091,600</b>	<b>\$42,005,300</b>	<b>\$5,914,400</b>	<b>\$47,919,700</b>
<b>Programs</b>						
<b>Environmental Quality</b>						
Executive Director's Operations	\$4,832,100	\$5,241,300	\$5,241,300	\$4,568,500	\$2,381,000	\$6,949,500
Air Quality	8,161,400	9,951,300	9,951,300	8,917,200	736,800	9,654,000
Drinking Water	3,634,500	3,780,400	3,780,400	3,720,300	264,500	3,984,800
Environ. Response/Remediation	5,448,600	6,657,700	6,657,700	6,586,300	601,700	7,188,000
Radiation	1,969,700	2,825,500	2,825,500	2,624,000	352,900	2,976,900
Solid and Hazardous Waste	5,794,700	6,621,900	6,621,900	6,648,200	486,800	7,135,000
Water Quality	7,848,800	9,013,500	9,013,500	8,940,800	690,700	9,631,500
Hazardous Substances Mitigation Fund	0	0	0	0	400,000	400,000
<b>Total Budget</b>	<b>\$37,689,800</b>	<b>\$44,091,600</b>	<b>\$44,091,600</b>	<b>\$42,005,300</b>	<b>\$5,914,400</b>	<b>\$47,919,700</b>
<b>% Change from Authorized FY 2005 to Total FY 2006</b>						<b>8.7%</b>
FTE Positions	--	418.0	418.0	418.0	2.0	420.0

## ENVIRONMENTAL QUALITY

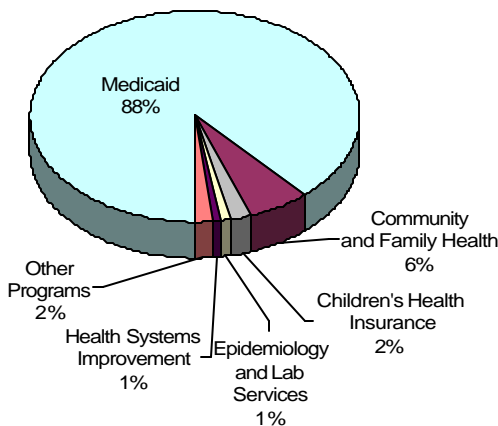
ENVIRONMENTAL QUALITY FY 2006 OPERATING BUDGET						
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
<b>Beginning Base Budget</b>						
G1 FY 2005 appropriated budget	\$9,571,530	\$16,060,600	\$6,894,000	\$8,857,000	\$949,200	\$42,332,400
G2 Adjustments for one time FY 2005 appropriations	(92,630)	(67,000)	(23,100)	(129,600)	(1,400)	(214,700)
G3 Adjustments to funding levels	0	(217,500)	235,600	0	(30,500)	(12,400)
<b>Total Beginning Base Budget - Environmental Quality</b>	<b>9,487,900</b>	<b>15,776,100</b>	<b>7,096,500</b>	<b>8,727,400</b>	<b>917,400</b>	<b>42,005,300</b>
<b>Statewide Ongoing Adjustments</b>						
G4 Cost-of-living adjustments of 3%	222,930	248,700	130,500	167,400	1,800	771,300
G5 Internal service fund adjustments	17,430	9,700	5,000	6,600	0	38,700
G6 Market comparability adjustments	636,830	470,600	213,400	378,300	0	1,699,100
G7 Insurance rate adjustments	115,030	128,700	67,800	91,600	1,100	404,200
<i>Subtotal Statewide Ongoing Adjustments - Environmental Quality</i>	<i>992,180</i>	<i>857,700</i>	<i>416,700</i>	<i>643,900</i>	<i>2,900</i>	<i>2,913,300</i>
<b>Ongoing Adjustments</b>						
G8 Local health department cost-of-living adjustment of 2%	9,230	1,500	1,000	1,700	0	13,400
G9 Executive Director's Operations - auditor	0	0	0	82,500	0	82,500
G10 Radiation - electronic files management archivist	0	0	0	54,300	0	54,300
<i>Subtotal Ongoing Adjustments - Environmental Quality</i>	<i>9,230</i>	<i>1,500</i>	<i>1,000</i>	<i>138,500</i>	<i>0</i>	<i>150,200</i>
<b>One-time Adjustments</b>						
G11 Executive Director's Operations - high-level nuclear waste opposition	2,070,000	0	0	0	0	2,070,000
G12 Remediation - attorney costs for underground storage tank recovery	0	0	0	87,200	0	87,200
G13 Radiation - electronic files management setup costs	0	0	0	93,700	0	93,700
G14 Water Quality - watershed programs	200,000	0	0	0	0	200,000
G15 Hazardous Substances Mitigation Fund	0	0	0	400,000	0	400,000
<i>Subtotal One-time Adjustments - Environmental Quality</i>	<i>2,270,000</i>	<i>0</i>	<i>0</i>	<i>580,900</i>	<i>0</i>	<i>2,850,900</i>
<b>Total FY 2006 Environmental Quality Adjustments</b>	<b>3,271,300</b>	<b>859,200</b>	<b>417,700</b>	<b>1,363,300</b>	<b>2,900</b>	<b>5,914,400</b>
<b>Total FY 2006 Environmental Quality Operating Budget</b>	<b>\$12,759,200</b>	<b>\$16,635,300</b>	<b>\$7,514,200</b>	<b>\$10,090,700</b>	<b>\$920,300</b>	<b>\$47,919,700</b>
<b>ENVIRONMENTAL QUALITY TOTALS</b>						
<b>FY 2006 Operating Beginning Base Budget</b>	<b>\$9,487,900</b>	<b>\$15,776,100</b>	<b>\$7,096,500</b>	<b>\$8,727,400</b>	<b>\$917,400</b>	<b>\$42,005,300</b>
<b>FY 2006 Operating Ongoing and One-time Adjustments</b>	<b>3,271,300</b>	<b>859,200</b>	<b>417,700</b>	<b>1,363,300</b>	<b>2,900</b>	<b>5,914,400</b>
<b>FY 2006 Operating Recommendation</b>	<b>12,759,200</b>	<b>16,635,300</b>	<b>7,514,200</b>	<b>10,090,700</b>	<b>920,300</b>	<b>47,919,700</b>



# HEALTH

Nathan Checketts, Analyst

## Where Will My Taxes Go for Health? (Figure Based on Total FY 2006 Funding)



### Highlighted Services

(Including the Governor's Recommendations)

#### *\$1.6 billion for Medicaid*

- Health care for 190,000 individuals
- Primary health care for 19,000 individuals

#### *\$103 million for Community and Family Health*

- Tobacco cessation services for 7,850 smokers
- 118,000 vaccine doses for children and adults
- Cancer screening for 6,800 women

#### *\$37 million for Children's Health Insurance (CHIP)*

- Health and dental care for 28,000 children

#### *\$16 million for Epidemiology and Lab Services*

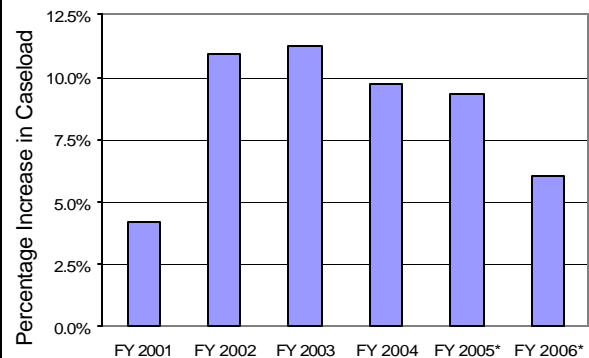
- Detection and investigation of communicable diseases, including *E. coli* and influenza
- Enhanced capacity to rapidly detect and respond to bioterrorism events

#### *\$14 million for Health Systems Improvement*

- Basic health and safety inspections in 580 health care and 2,700 child care facilities
- Statewide efforts to reduce the estimated 327 deaths/year due to medical errors in hospitals

*\$27 million for other services, such as local health department and bioterrorism funding*

## Improving Economy, Slower Medicaid Growth



\*Estimated

Utah's unemployment rate peaked at 6.3 percent in April 2002 and has fallen to 4.8 percent in September 2004.

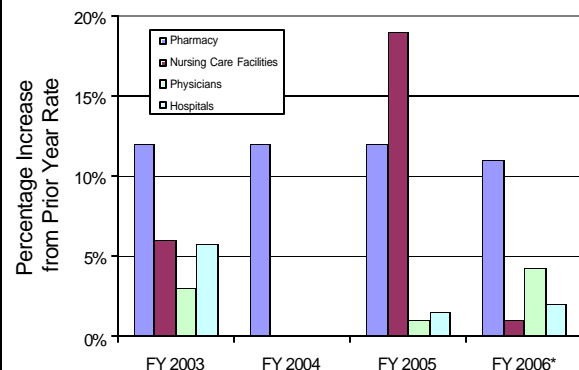
## Governor's Recommendation Highlights

(All Funding Sources)

### Medicaid

- \$67 million - Caseload growth
- \$38.9 million - Inflation increases
- \$20 million one-time - Replace payment system
- \$9.3 million in General Fund - Change in federal match rate

## Inflation Increases Differ for Major Medicaid Providers



\*Recommended

## BUDGET OVERVIEW

The Department of Health (Health) seeks to protect the public's health by preventing avoidable disease and injury, assuring access to quality health care, promoting healthy lifestyles, and monitoring health trends and events. Health manages the state's Medicaid program, which provides health care for eligible low-income individuals. The department also manages other health care programs and provides an array of public health services.

For FY 2006 the governor recommends that Health receive \$1,816,824,300 in total funds. This amount includes \$327,023,400 in General Fund, a 13.9 percent increase from the FY 2005 authorized General Fund amount. As shown by the pie chart on the previous page, the majority of Health's budget pays for the Medicaid program, which receives a large amount of federal funds.

In addition to funding health and dental increases, the FY 2006 recommended appropriation includes \$1,647,300 in General Fund (\$4,550,200 in total funds) to provide employees with a 3.0 percent cost-of-living salary adjustment and market comparability adjustments. Although employees were given a slight increase for FY 2005, no increases were given in FY 2003 or FY 2004. As a result, some employees' salaries have lagged significantly behind the general job market. For instance, Health reports difficulty recruiting experienced registered nurses to provide administrative case management for children in foster care because qualified candidates can make more money elsewhere. Low salaries for epidemiologists were also a factor in two employees leaving to work for local health departments. In addition, computer programmers trained in commercially-used programming languages are often recruited away for higher salaries in the private sector.

## GOVERNOR'S RECOMMENDATIONS

### *General Fund*

- Fund Medicaid utilization and caseload growth with \$15,421,400 in ongoing General Fund (\$67,028,500 in ongoing total funds). These funds are needed to allow Medicaid to continue to operate with the same eligibility criteria, benefits package, and provider reimbursement rates. As shown in the graph on the prior page, FY 2006 caseload growth is estimated to slow from the over 10 percent growth experienced in recent years. Slower caseload growth is attributed to the economy improving and unemployment declining.
- Increase ongoing General Fund by \$9,338,700 and reduce ongoing federal funds by \$9,338,700 to account for a reduction in the percentage of Medicaid costs paid for by the federal government. Although Utah has received a favorable change in the match rate over the last three fiscal years, the FY 2006 change will require additional state funds to draw down federal funds. The recommended funds are needed to maintain the existing Medicaid program.
- Provide \$10,559,100 in ongoing General Fund (\$38,915,000 in ongoing total funds) to give Medicaid providers an increase in their reimbursement rates for inflation. Half of these funds will cover an 11 percent increase in prescription drug prices. While some providers, including federally qualified health centers and Medicare Crossover, will receive mandated increases for inflation, the majority of Medicaid providers will receive a 2.0 percent increase in their reimbursement rates. These inflationary increases will help providers cover their increasing costs and encourage them to continue providing services to Medicaid clients. A 2.0 percent cost-of-living adjustment is also

recommended for funds given to local health departments.

- Increase ongoing General Fund by \$1,574,800 (ongoing total funds by \$5,450,000) to continue emergency adult dental services in Medicaid. Because the 2004 legislature did not appropriate sufficient funds to provide these services through all of FY 2005, the governor also recommends an FY 2005 General Fund supplemental of \$480,000 (\$1,722,900 in total funds).
- Provide \$75,800 in ongoing General Fund (\$190,900 in ongoing total funds) for three positions to implement the federally required system to calculate the payment error rate in Medicaid.
- Appropriate \$2,000,000 in one-time General Fund (\$20,000,000 in one-time total funds) to fund the first phase of the replacement of the Medicaid payment system. The federal government matches each dollar of state funding for these projects with nine dollars in federal funds.
- Increase ongoing funding by \$100,000 for the Medical Examiner's Office to address rising transportation costs and an increased caseload.

#### *Other Funds*

- Reduce ongoing federal funds and dedicated credits by \$23,936,000 to account for the implementation of Medicare Part D drug coverage. While it is estimated the state will save \$7,314,000 in ongoing General Fund from

reduced Medicaid drug costs, the federal government will recapture the state savings, a process referred to as a clawback. Meanwhile, the state will face higher Medicaid caseload growth for those eligible for both Medicaid and Medicare and therefore will need additional eligibility workers to process the new cases.

#### **FY 2005 PROPOSED LEGISLATIVE INTENT**

- If funds are available, the Division of Epidemiology and Lab Services is authorized to not lapse up to \$200,000 at the end of FY 2005. These funds are to be used for the purchase of lab equipment, computer equipment and software, or building improvements.
- Funds previously appropriated for enhancements to the electronic Resource Eligibility Program, known as e-REP, are nonlapsing.

#### **FY 2006 PROPOSED LEGISLATIVE INTENT**

- Fees collected for the purpose of plan reviews by the Bureau of Licensing are nonlapsing.
- Funds for the Primary Care Health Grants are nonlapsing.
- Funds for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs are nonlapsing.
- Civil money penalties collected for child care and health care provider violations are nonlapsing.



**HEALTH**

## Operating Budget

Governor Walker's Recommendations						
	Actual FY 2004	Authorized FY 2005	Supple- ments	Recommended FY 2005	Base FY 2006	Ongoing and One-time Adj. Total FY 2006
<b>Plan of Financing</b>						
General Fund	\$226,766,700	\$287,096,500	\$760,400	\$287,856,900	\$285,751,300	\$527,023,400
Federal Funds	1,063,467,400	1,151,253,600	2,046,100	1,153,299,700	1,154,301,300	1,222,278,200
Dedicated Credits	99,303,300	108,568,900	0	108,568,900	114,357,300	116,320,200
Restricted and Inust Funds	22,034,300	26,893,300	270,100	27,163,400	26,893,300	27,000,400
Transfers	110,532,600	118,340,300	0	118,340,300	121,007,500	123,451,700
Beginning Balances	3,802,300	3,747,800	0	3,747,800	2,183,500	2,183,500
Closing Balances	(3,747,800)	(2,183,500)	0	(2,183,500)	(1,433,100)	(1,433,100)
Lapsing Funds	(977,400)	0	0	0	0	0
<b>Total Financing</b>	<b>\$1,521,181,400</b>	<b>\$1,693,716,900</b>	<b>\$3,076,600</b>	<b>\$1,696,793,500</b>	<b>\$1,703,061,100</b>	<b>\$1,816,824,300</b>
<b>Programs</b>						
<b>Health</b>						
Executive Director's Operations	\$24,385,900	\$24,941,300	\$0	\$24,941,300	\$24,222,500	\$25,283,500
Health Systems Improvement	13,081,400	14,293,200	0	14,293,200	13,549,000	14,027,800
Epidemiology and Lab Services	15,259,700	15,480,100	0	15,480,100	15,063,100	15,806,100
Community and Family Health	94,064,400	102,290,200	0	102,290,200	101,796,300	103,083,300
Health Care Financing	64,274,900	62,913,300	0	62,913,300	61,867,000	84,323,800
Medical Assistance	1,274,428,500	1,435,096,700	3,076,600	1,438,173,300	1,447,929,500	1,535,596,900
Children's Health Insurance	33,674,000	36,660,900	0	36,660,900	36,606,800	36,647,200
Local Health Departments	2,012,600	2,041,200	0	2,041,200	2,026,900	2,055,700
<b>Total Budget</b>	<b>\$1,521,181,400</b>	<b>\$1,693,716,900</b>	<b>\$3,076,600</b>	<b>\$1,696,793,500</b>	<b>\$1,703,061,100</b>	<b>\$1,816,824,300</b>
<b>% Change from Authorized FY 2005 to Total FY 2006</b>						<b>7.3%</b>
FTE Positions	-	1,3158	0.0	1,3158	1,3109	1,3169

## HEALTH

HEALTH FY 2006 OPERATING BUDGET						
Beginning Base Budget						
	General Fund	Federal Funds	Dedicated Credits	Restricted Funds	Other Funds	Total Funds
H1 FY 2005 appropriated budget	\$287,096,500	\$1,166,397,900	\$110,190,400	\$26,893,300	\$118,347,200	\$1,708,925,300
H2 Adjustments for one-time FY 2005 appropriations	(1,345,200)	(2,891,100)	(87,400)	(24,800)	(12,400)	(4,360,900)
H3 Adjustments to funding levels	0	(9,205,200)	4,254,300	24,800	3,423,100	(1,503,300)
<b>Total Beginning Base Budget - Health</b>	<b>285,751,300</b>	<b>1,154,301,600</b>	<b>114,357,300</b>	<b>26,893,300</b>	<b>121,757,900</b>	<b>1,703,061,100</b>
Statewide Ongoing Adjustments						
H4 Cost-of-living adjustments of 3%	680,700	944,700	172,800	31,500	101,100	1,930,800
H5 Internal service fund adjustments	(7,600)	(20,300)	12,800	1,800	1,300	(12,000)
H6 Market comparability adjustments	966,600	1,270,100	250,000	52,200	80,500	2,619,400
H7 Insurance rate adjustments	439,400	616,800	116,100	21,600	65,100	1,259,000
Subtotal Statewide Ongoing Adjustments - Health	2,079,100	2,812,300	551,700	107,100	248,000	5,797,200
Ongoing Adjustments						
H8 Medicare case load utilization growth	15,421,400	45,770,700	3,640,200	0	2,196,200	67,028,500
H9 Medicare provider inflation	10,559,100	24,647,400	3,708,500	0	0	38,915,000
H10 Medicare dental match rate change	9,338,700	(9,338,700)	0	0	0	0
H11 Medicare savings from Medicare Part D drug coverage	(7,314,000)	(17,998,200)	(5,937,500)	0	0	(31,250,000)
H12 Medicare dental "clawback" for Part D savings	7,314,000	0	0	0	0	7,314,000
H13 Medicare adult emergency dental continuation	1,574,800	3,875,200	0	0	0	5,450,000
H14 Medicare staff increase for Part D eligibility	94,400	94,400	0	0	0	188,800
H15 Medicare payment error rate measurement	75,800	115,100	0	0	0	190,900
H16 Medicare Examiner operating budget shortfall	100,000	0	0	0	0	100,000
H17 Local Health Departments' cost-of-living adjustments of 2%	28,800	0	0	0	0	28,800
Subtotal Ongoing Adjustments - Health	37,193,000	47,185,600	2,412,200	0	2,196,200	87,986,000
One-time Adjustments						
H18 Medicare payment system replacement	2,000,000	18,000,000	0	0	0	20,000,000
Subtotal One-time Adjustments - Health	2,000,000	18,000,000	0	0	0	20,000,000
<b>Total FY 2006 Health Adjustments</b>	<b>41,272,100</b>	<b>67,976,900</b>	<b>1,962,900</b>	<b>107,100</b>	<b>2,444,200</b>	<b>113,763,200</b>
<b>Total FY 2006 Health Operating Budget</b>	<b>\$327,023,400</b>	<b>\$1,222,278,200</b>	<b>\$116,320,200</b>	<b>\$27,000,400</b>	<b>\$124,202,100</b>	<b>\$1,816,824,300</b>

**HEALTH - CONTINUED**

<b>HEALTH FY 2005 OPERATING BUDGET ADJUSTMENTS</b>						
	<b>General Fund</b>	<b>Federal Funds</b>	<b>Dedicated Credits</b>	<b>Restricted Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
<b>Supplemental Adjustments</b>						
H219 Medicare adult emergency dental continuation	\$480,000	\$1,242,900	\$0	\$0	\$0	\$1,722,900
H220 Medicare inflation for Medicare Part B premiums	280,400	803,200	0	270,100	0	1,353,700
<i>Subtotal Supplemental Adjustments - Health</i>	<i>760,400</i>	<i>2,046,100</i>	<i>0</i>	<i>270,100</i>	<i>0</i>	<i>3,076,600</i>
<b>Total FY 2005 Health Budget Adjustments</b>	<b>\$760,400</b>	<b>\$2,046,100</b>	<b>\$0</b>	<b>\$270,100</b>	<b>\$0</b>	<b>\$3,076,600</b>
<b>HEALTH TOTALS</b>						
<b>FY 2006 Operating Base Budget</b>	<b>\$285,751,300</b>	<b>\$1,154,301,300</b>	<b>\$114,357,300</b>	<b>\$26,893,300</b>	<b>\$121,757,900</b>	<b>\$1,703,061,100</b>
<b>FY 2006 Operating Ongoing and One-time Adjustments</b>	<b>41,272,100</b>	<b>67,976,900</b>	<b>1,962,900</b>	<b>107,100</b>	<b>2,444,200</b>	<b>113,763,200</b>
<b>FY 2006 Operating Recommendation</b>	<b>327,023,400</b>	<b>1,222,278,200</b>	<b>116,320,200</b>	<b>27,000,400</b>	<b>124,202,100</b>	<b>1,816,824,300</b>
<b>FY 2005 Operating Adjustments</b>	<b>760,400</b>	<b>2,046,100</b>	<b>0</b>	<b>270,100</b>	<b>0</b>	<b>3,076,600</b>